HEARING EXHIBIT NO. 9

(Merits Hearing of 4/3-4/2018)
In the matter of Docket No. 2017-292-WS:
Application of Carolina Water Service, Incorporated, for Approval of an Increase in Its Rates for Water and Sewer Services

true copy of the original.

Date _ 8/30/18



<u>Carolina Water Service, Inc.</u> <u>Corrected DCF Cost Rate Reflecting only Expected Growth in Earnings per Share</u>

VL Projected EPS Growth (1)		owth (1)	Zacks	Yahoo! Finance	Dividend			
Company	2	2017	Es	timate	Growth	LT EPS Growth	LT EPS Growth	Yield (2)
American States	\$	1.85	\$	2.35	7.07%	5.00%	4.00%	1.90%
American Water		3.00		4.15	9.71%	7.50%	8.20%	2.00%
Aqua America		1.36		1.85	9.19%	6.00%	5.00%	2.20%
Artesian Resources		NA		1.24	5.16%	NA	4.00%	2.50%
Callidornia Water		1.40		1.85	8.29%	6.00%	9.80%	1.60%
Commecticut Water		2.20		2.90	8.21%	6.00%	6.00%	2.10%
Global Water Resources		N/A		N/A	N/A	15.00%	15.00%	3.10%
Middlesex Water		1.40		2.10	12.28%	NA	2.70%	2.30%
SJW		2.60		3.45	8.42%	NA	14.00%	1.40%
York Water		1.05		1.60	12.79%	NA	4.90%	2.00%
			Mea	an	9.01%	7.58%	7.36%	2.11%
			Me	dian	8.42%	6.00%	5.50%	
			Awe	erage	8.72%	6.79%	6.43%	
				Gin	owth Rate (3)	7.31%		
					biwidend Yield	2.11%		
	Adjusted Dividend Yield (4)			0.15%				
					Cost of Equity	9.57%		
		-441			orquity	2.2.70		

NA = Not Available

Notes:

- (1) From Revised Exhibit DHC-5, pages 2 and 3.
- (2) From Revised Exhibit DHC-9.
- (3) Average of Value Line, Zacks, and Yahoo! Finance growth rates.
- (4) Growth rate multiplied by the dividend yield.

EXHIBIT

4/3/18

9

2017-292-WS

Exhibit No. __ Schedule DWD-2R

Carolina Water Service, Inc. Corrected CAPM Reflecting the Long-Term Arithmetic Mean Market Return and Application of the ECAPM

Line No.

1.	Market Return (1)	11.80%
2.	Risk-Free Rate (2)	3.70%
3.	Equity Risk Premium (3)	8.10%
4.	Beta (4)	0.75
5.	CAPM Cost of Equity (5)	9.78%
6.	ECAPM Cost of Equity (6)	10.28%
7.	Average	10.03%

Notes:

- (1) From page 7-13 of SBBI 2017.
- (2) From Revised Exhibit DHC-2.
- (3) Line 1 Line 2.
- (4) From Revised Exhibit DHC-13, page 1.
- (5) Line 2 + (Line 3 x Line 4).
- (6) Line $2 + (0.75 \times (Line 3 \times Line 4)) + (0.25 \times Line 3)$.

Exhibit No. __ Schedule DWD-3R

Carolina Water Service, Inc. R-Squared Statistics for Dr. Carlisle's Water Proxy Group

Company	R-Squared
American States	0.1292
American Water	0.1525
Aqua America	0.1702
Artesian Resources	0.0547
Calidornia Water	0.1732
Connecticut Water	0.1073
Global Water Resources	NA
Middlesex Water	0.1439
SJW	0.1206
York Water	0.1366
Average	0.1320
Median	0.1366

NA = Not Available

Source of Information:

Value Line Proprietary Database December 2017



Comparable Earnings: New Life for an Old Precept

by Frank J. Hanley Pauline M. Ahern

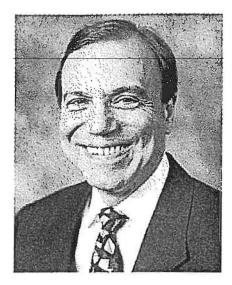
Comparable Earnings: New Life for an Old Precept

ccelerating deregulation has greatly increased the investment risk of natural gas utilities. As a result, the authors believe it more appropriate than ever to employ the comparable earnings model. We believe our application of the model overcomes the greatest traditional objection to it — lack of comparability of the selected nonutility proxy firms. Our illustration focuses on a target gas pipeline company with a beta of 0.96 — almost equal to the market's beta of 1.00.

Introduction

The comparable earnings model used to determine a common equity cost rate is deeply rooted in the standard of "corresponding risk" enunciated in the landmark *Bluefield* and *Hope* decisions of the U.S. Supreme Court. With such solid grounding in the foundations of rate of return regulation, comparable earnings should be accepted as a principal model, along with the currently popular market-based models, provided that its most common criticism, non-comparability of the proxy companies, is overcome.

Our comparable earnings model overcomes the non-comparability issue of the non-utility firms selected as a proxy for the target utility, in this example, a gas pipeline company. We should note that in the absence of common stock prices for the target utility (as with a wholly-owned subsidiary), it is appropriate to use the average of a proxy group of similar risk gas pipeline companies whose common stocks are actively traded. As we will demonstrate, our selection process results in a group of domestic, non-utility firms that is comparable in total risk, the sum of business and financial risk, which reflects both non-diversifiable systematic, or market, risk as well as diversifiable unsystematic, or firm-specific, risk.





Frank J. Hanley is president of AUS Consultants — Utility Services Group. He has testified in several hundred rate proceedings on the subject of cost of capital before the Federal Energy Regulatory Commission and 27 state regulatory commissions. Before joining AUS in 1971, he was an assistant treasurer of a number of operating companies in the American Water Works System, as well as a financial planning officer with the Philadelphia National Bank. He is a Certified Rate of Return Analyst.

Pauline M. Ahern is a senior financial analyst with AUS Consultants — Utility Services Group. She has participated in many cost-of-capital studies. A former employee of the U.S. Department of the Treasury and the Federal Reserve Bank of Boston, she holds an MBA degree from Rutgers University and is a Certified Rate of Return Analyst.

Embedded in the Landmark Decisions

As stated in *Bluefield* in 1922: "A public utility is entitled to such rates as will permit it to earn a return ... on investments in other business undertakings which are attended by corresponding risks and uncertainties ..."

In addition, the court stated in *Hope* in 1944: "By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks."

Thus, the "corresponding risk" pre-

cept of Bluefield and Hope predates the use of such market-based cost-of-equity models as the Discounted Cash Flow (DCF) and Capital Asset Pricing (CAPM), which were developed later and are currently popular in rate-base/rate-of-return regulation. Consequently, the comparable earnings model has a longer regulatory and judicial history. However, it has far greater relevance now than ever before in its history because significant deregulation has substantially increased natural gas utilities' investment risk to a level similar to that of non-utility firms. As a result, it is

more important than ever to look to similar-risk non-utility firms for insight into common equity cost rate, especially in view of the deficiencies inherent in the currently popular market-based cost of common equity models, particularly the DCF model.

Despite the fact that the landmark decisions are still regarded as having set the standards for determining a fair rate of return, the comparable earnings model has experienced decreased usage by expert witnesses, as well as less regulatory acceptance over the years. We believe the decline in the popularity of the comparable earnings model, in large measure, is attributable to the difficulty of selecting non-utility proxy firms that regulators will accept as comparable to the target utility. Regulatory acceptance is difficult to gain when the selection process is arbitrary. Our application of the model is objective and consistent with fundamental financial tenets.

Principles of Comparable Earnings

Regulation is a substitute for the competition of the marketplace. Moreover, regulated public utilities compete in the capital markets with all firms, including unregulated non-utilities. The comparable earnings model is based upon the opportunity cost principle; i.e., that the true cost of an investment is the return that could have been earned on the next best available alternative investment of similar risk. Consequently, the comparable earnings model is consistent with regulatory and financial principles, as it is a surrogate for the competition of the marketplace, and investors seek the greatest available rate of return for bearing similar risk.

The selection of comparable firms is the most difficult step in applying the comparable earnings model, as noted by Phillips² as well as by Bonbright, Danielsen and Kamerschen.³ The selection of non-utility proxy firms should result in a sufficiently broad-based group in order to minimize the effect of company-specific aberrations. However, if the selection process is arbitrary, it likely would result in a proxy group that is too broad-based, such as the Standard & Poor's 500 Composite Index or the Value Line Industrial Composite. The use of such groups would require subjective adjustments to the comparable earnings results to reflect risk differences between the group(s) and the target utility, a gas pipeline company in this example.

Authors' Selection Criteria

We base the selection of comparable non-utility firms on market-based, objective, quantitative measures of risk resulting from market prices that subsume investors' assessments of all elements of risk. Thus, our approach is based upon the principle of risk and return; namely, that firms of comparable risk should be expected to earn comparable returns. It is also consistent with the "corresponding risk" standard established in Bluefield and Hope. We measure total investment risk as the sum of non-diversifiable systematic and diversifiable unsystematic risk. We use the unadjusted beta as a measure of systematic risk and the standard error of the estimate (residual standard error) as a measure of unsystematic risk. Both the unadjusted beta and the residual standard error are derived from a regression of the target utility's security returns relative to the market's returns, which takes the general form:

$$r_{it} = a_i + b_i r_{mt} + e_{it}$$

where:

r_{it} = th observation of the ith utility's rate of return

 r_{mt} = tth observation of the market's rate of return

 $e_{tt} = t$ th random error term

a_i = constant least-squares regression coefficient

 b_i = least-squares regression slope coefficient, the unadjusted beta.

As shown by Francis,⁴ the total variation or risk of a firm's return, $Var(r_i)$, comes from two sources:

 $Var(r_i) = total risk of ith asset$

- = $\operatorname{var}(a_i + b_i r_m + e)$ substituting $(a_i + b_i r_m + e)$ for r_i = $\operatorname{var}(b_i r_m) + \operatorname{var}(e)$ since $\operatorname{var}(a_i) = 0$
- $= b_i^2 \operatorname{var}(r_m) + \operatorname{var}(e)$ since $\operatorname{var}(b_i r_m) = b_i^2$ $\operatorname{var}(r_m)$
- = systematic + unsystematic risk

Francis⁵ also notes: "The term $O^2(r_i|r_m)$ is called the residual variance around the regression line in statistical terms or unsystematic risk in capital market theory language. $O^2(r_i|r_m) = 1$ = var (e). The residual variance is the squared standard error in regression language, a measure of unsystematic risk." Application of these criteria results in a group of non-utility firms whose average total investment risk is indeed comparable to that of the target gas pipeline.

As a measure of systematic risk, we use the Value Line unadjusted beta. Beta measures the extent to which market-wide or macro-economic events affect a firm's stock price. We use the unadjusted beta of the target utility as a starting point because it results from the regression of the target utility's security returns relative to the market's returns. Thus, the resulting standard deviation of beta relates to the unadjusted beta. We use the standard deviation of the unadjusted beta to determine the range around it as the selection criterion based on systematic risk.

We use the residual standard error of the regression as a measure of unsystematic risk. The residual standard error reflects the extent to which events specific to the firm's operations affect a firm's stock price. Thus, it is a measure of diversifiable, unsystematic, firmspecific risk.

An Illustration of Authors' Approach

Step One: We begin our approach by establishing the selection criteria as a range of both unadjusted beta and residual standard error of the target gas continued on page 6

pipeline company.

As shown in table 1, our target gas pipeline company has a Value Line unadjusted beta of 0.90, whose standard deviation is 0.1250. The selection criterion range of unadjusted beta is the unadjusted beta plus (+) and minus (-) three of its standard deviations. By using three standard deviations, 99.73 percent of the comparable unadjusted betas is captured.

Three standard deviations of the target utility's unadjusted beta equals 0.38 $(0.1250 \times 3 = 0.3750, \text{ rounded to } 0.38).$ Consequently, the range of unadjusted betas to be used as a selection criteria is 0.52 - 1.28 (0.52 = 0.90 - 0.38) and (1.28 = 0.90 + 0.38)

Likewise, the selection criterion range of residual standard error equals the residual standard error plus (+) and

minus (-) three of its standard deviations. The standard deviation of the residual standard error is defined as: $O/\sqrt{2N}$

As also shown in table 1, the target gas pipeline company has a residual standard error of 3.7867. According to the above formula, the standard deviation of the residual standard error would be $0.1664 (0.1664 = 3.7867 / \sqrt{2}(259) =$ 37867/22.7596, where 259 = N, the number of weekly price change observations over a period of five years). Three standard deviations of the target utility's residual standard error would be 0.4992 ($0.1664 \times 3 = .4992$). Consequently, the range of residual standard errors to be used as a selection criterion is 3.2875 - 4.2859 (3.2875 = 3.7867 -0.4992) and (4.2859 = 3.7867 +0.4992).

Step Two: The step one criteria are applied to Value Line's data base of nearly 4,000 firms for which Value Line derives unadjusted betas and residual standard errors on a weekly basis. All firms with unadjusted betas and residual standard errors within the criteria ranges are then selected.

Step Three: In the regulatory ratemaking environment, authorized common equity return rates are applied to a book-value rate base. Thus, the earnings rates on book common equity, or net worth, of competitive, non-utility firms are highly relevant provided those firms are indeed comparable in total risk to the target gas pipeline. The use of the return rates of other utilities has no relevance because their allowed, and hence subsequently achieved, earnings rates are dependent upon the regulatory

F.		

Summary of the Comparable Earnings Analysis for the Proxy Group of 248 Non-Utility Companies Comparable in Total Risk to the Target Gas Pipeline Company

Outilpal auto	1 1	2	3	4	6 	6	7 8
			residual			return on net wor	***
	adj. beta	unadj. <u>beta</u>	standard error	3-year average ²	4-year average ²	the state of the s	year ected ³
average for the proxy group of 248 non-utility companies							
comparable in total risk to the			, - Y.				
targel gas pipeline company	0.97	0.92	3.7705				
target gas pipeline company	0.96	0.904	3.7867				
median				11.7%	12.0%	12.6% 15	.5%
average of the median					12.1%		
conclusion ⁵							13.8%

The criteria for selection of the non-utility group was that the non-utility companies be domestic and included in Value Line Investment Survey. The non-utility group was selected based on an unadjusted beta range of 0.52 to 1.28 and a residual standard error range of 3.2875 to 4.2859. Section processing of the conference

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^{31996-1998/1997-1999,}

The average standard deviation of the target gas pipeline company's unadjusted beta is 0.1250,

⁵ Equal weight: given to both the average of the 3-, 4- and 5-year historical medians (12.1%) and 5-year projected median rate of return on net worth (15.5%). Thus, 13.8% = (12.1% + 15.5% / 2).

Source: Value Line Inc., March 15, 1994 Value Line Investment Survey

process. Consequently, we believe all utilities must be eliminated to avoid circularity. Moreover, we believe non-domestic firms must be eliminated because their reporting methods differ significantly from U.S. firms.

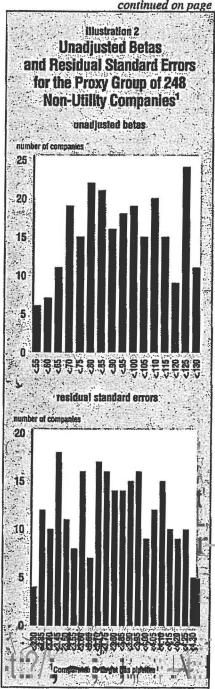
Step Four: We then eliminated those firms for which Value Line does not publish a "Ratings & Report" in Value Line Investment Survey so that the historical and projected returns on net worth are from a consistent source. We use historical returns on net worth for the most recent five years, as well as those projected three to five years into the future. We believe it is logical to evaluate both historical and projected return rates because it is reasonable to assume that investors avail themselves of both when they are available from widely disseminated information ser-

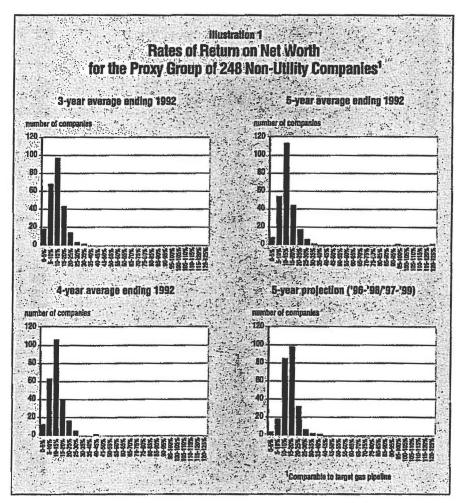
vices, such as Value Line Inc. The use of Value Line's return rates on net worth understates the common equity return rates for two reasons. First, preferred stock is included in net worth. Second, the net worth return rates are as of the end of each period. Thus, the use of average common equity return rates would yield higher results.

Step Five: Median returns based on the historical average three, four and five years ending 1992 and projected 1996-1998 or 1997-1999 rates of return on net worth are then determined as shown in columns 4 through 7 of table 1. The median is used due to the wide variations and skewness in rates of return on net worth for the non-utility firms as evidenced by the frequency distributions of those returns as shown in illustration 1.

However, we show the average unadjusted beta, 0.92, and residual standard error, 3.7705, for the proxy group in columns 2 and 3 of table 1 because their frequency distributions are not significantly skewed, as shown in illustration 2.

Step Six: Our conclusion of a comcontinued on page 8





parable earnings cost rate is based upon the mid-point of the average of the median three-, four- and five-year historical rates of return on net worth of 12.1 percent as shown in column 5 and the median projected 1996-1998/1997-1999 rate of return on net worth of 15.5 percent as shown in column 7 of table 1. As shown in column 8, it is 13.8 percent.

Summary

Our comparable earnings approach demonstrates that it is possible to select a proxy group of non-utility firms that is comparable in total risk to a target utility. In our example, the 13.8 percent comparable earnings cost rate is very conservative as it is an expected achieved rate on book common equity (a regulatory allowed rate should be

greater) and because it is based on endof-period net worth. A similar rate on average net worth would be about 20 to 40 basis points higher (i.e., 14.0 to 14.2 percent) and still understate the appropriate regulatory allowed rate of return on book common equity.

Our selection criteria are based upon measures of systematic and unsystematic risk, specifically unadjusted beta and residual standard error. They provide the basis for the objective selection of comparable non-utility firms. Our selection criteria rely on changes in market prices over approximately five years. We compare the aggregate total risk, or the sum of systematic and unsystematic risk, which reflects investors' aggregate assessment of both business and financial risk. Thus, no adjustments are necessary to the proxy group results to

compensate for the differences in business risk and financial risk, such as accounting practices and debt/equity ratios. Moreover, it is inappropriate to attempt a comparison of the target utility with any individual firm, or subset of firms, in the proxy group because only the average firm of the group is relevant.

Because the comparable earnings model is firmly anchored in the "corresponding risk" precept established in the landmark court decisions, it is worthy of consideration as a principal model for use in estimating the cost rate of common equity capital of a regulated utility. Our approach to the comparable earnings model produces a proxy group that is indeed comparable in total risk because the selection process is objective and quantitative. It therefore overcomes criticism linked to arbitrary selection processes.

All cost-of-common-equity models, including the DCF and CAPM, are fraught with deficiencies, usually stemming from the many necessary but unrealistic assumptions that underlie them. The effects of the deficiencies of individual models can be mitigated by using more than one model when estimating a utility's common equity cost rate. Therefore, when the non-comparability issue is overcome, the comparable earnings model deserves to receive the same consideration as a primary model, as do the currently popular market-based models.

Report Lists Pipeline, Storage Projects

More than \$9 billion worth of projects to expand the nation's natural gas pipeline network are in various stages of development, according to an A.G.A. report. These projects involve nearly 8,000 miles of new pipelines and capacity additions to existing lines and represent 15.3 billion cubic feet (Bcf) per day of new pipeline capacity.

During 1993 and early 1994, construction on 3,100 miles of pipeline was completed or under way, at a cost of nearly \$4 billion, says A.G.A. These projects are adding 5.4 Bcf in daily delivery capacity nationwide.

Among the projects completed in 1993 were Pacific Gas Transmission Co.'s 805 miles of looping that allows increased deliveries of Canadian gas to the West Coast; Northwest Pipeline Corp.'s addition of 433 million cubic feet of daily capacity for customers in the Pacific Northwest and Rocky Mountain areas; and the 156-mile Empire State Pipeline in New York:

In addition, major construction projects were started on the systems of Texas Eastern Transmission Corp. and Algonquin Gas Transmission Co. — both subsidiaries of Panhandle Eastern Corp. — and along Florida Gas Transmission Co.'s pipeline.

The report goes on to discuss another \$5 billion in proposed projects, which, if completed, will add nearly 5,000 miles of pipeline and 9.8 Bcf per day in capacity, much of it serving Florida and West Coast markets.

A.G.A. also identifies 47 storage projects and says that if all of them are built, existing storage capacity will increase by more than 500 Bcf, or 15 percent.

For a copy of New Pipeline Construction: Status Report 1993-94 (#F00103), call A.G.A. at (703) 3841-8490) Price per copy is \$6 for employees of member companies and associates and \$12 for other customers.

**IBluefield Water Works Improvement Co. v. Public Service Commission. 262 U.S. 679 (1922) and Federal Power Cathiritistion v. Hope National Gas Co.. 320 U.S. 519 (1944).

2Charles F. Phillips Jr.; The Regulation of Public Utilities: Theory and Practice, Public Utilities Reports Inc.: 1988. p 379

James C Bonbright. Albert L Danielsen and David R Kamerschen. <u>Principiles of Public Utilisties Rates</u>. 2nd edition. Public Utilities Reports Inc. 1988, p. 329.

AJack Clark Francis, <u>Investments</u>, <u>Analysis and Management</u>, 3rd edition. McGraw-Hill Book Co., 1980, p 363

5ld.: p. 548

6Returns on net worth must be used when relying on Value Line data because returns on book common equity for non-utility firms are not available from Villue Line

Exhibit No. __ Schedule DWD-5R

Carolina Water Service, Inc. Selection of Non-Price Regulated Group Similar in Risk to Dr. Carlisle's Water Proxy Group

Dr. Carlisle's Water Proxy Group

		Unadjusted	Standard Error
Ticker	Company Name	Beta	of the Regression
AWR	Amer. States Water	0.56	2.7946
AWK	Amer. Water Works	0.42	1.9373
WTR	Aqua America	0.50	2.1431
ARTNA	Artesian Res Corp	0.37	2.9852
CWT	California Water	0.58	2.4397
CTWS	Conn. Water Services	0.45	2.5093
GWRS	Global Water Resourc	NA	NA
MSEX	Middlesex Water	0.56	2.6567
SJW	SJW Group	0.55	2.8737
YORW	York Water Co. (The)	0.58	2.8013
	Decree West diseased Dec	0.27	0.50
	Range Unadjusted Beta	0.37	0.58
	Range Standard Error of Regression	1.9373	2.9852

Comparable Risk Non-Price Regulated Group

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NA = Not Available

Source of Information:

Value Line Proprietary Database December 2017

Exhibit No. __ Schedule DWD-6R Page 1 of 4

Carolina Water Service, Inc. Summary of Cost of Common Equity Models Applied to Dr. Carlisle's Non-Price Regulated Group

		Dr. Carlisle's Non-Price
Principal Methods	_	Regulated Group
Discounted Cash Flow Model (DCF) (1)		14.66%
Capital Asset Pricing Model (CAPM) (2)		9.85%
	Average	12.26%

Notes:

- (1) From page 2 of this Schedule.
- (2) From page 3 of this Schedule.

<u>Carolina Water Service, Inc.</u> <u>Indicated DCF Cost Rate for Dr. Carlisle's Non-Price Regulated Group</u>

	VL Projected EPS Growth		Zacks	Yahoo! Finance	Dividend	
	2017	Estimate	Growth	LT EPS Growth	LT EPS Growth	Yield
AutoZone, Inc.	\$ 44.07	\$ 78.00	17.72%	12.70%	11.68%	NA
CBOE Holdings, Inc.	2.40	5.75	28.36%	17.60%	17.90%	0.90%
Campbell Soup Company	3.04	3.50	4.11%	5.30%	3.75%	3.00%
Dunkin' Brands Group, Inc.	2.43	4.50	19.25%	13.40%	13.86%	2.40%
Dr. Pepper Snapple Group	4.50	6.20	9.59%	10.70%	10.64%	2.50%
Forrester Research, Inc.	1.22	2.00	15.17%	12.00%	12.00%	2.00%
Hormel Foods Corporation	1.57	2.50	14.22%	9.30%	0.53%	2.10%
The Hershey Company	4.85	6.45	8.49%	8.70%	9.62%	2.30%
Kimberly-Clark	6.20	7.75	6.58%	7.90%	7.61%	3.30%
Mercury General	1.63	5.00	37.75%	25.30%	25.30%	5.40%
The J.M. Smucker Co.	7.00	9.40	8.79%	7.90%	10.10%	2.50%
Wal-Mart Stores, Inc.	4.43	6.50	11.58%	5.80%	7.10%	2.10%
		Mean	15.13%	11.38%	10.84%	2.59%
		Median	12.90%	10.00%	10.37%	
		Average	14.01%	10.69%	10.61%	
			Growth (1)	11.77%		
		1	Dividend Yield			
			nd Growth (2)			
	Y.			AT THE THE PART OF THE		
	111	idicated DCF	Cost of Equity	14.66%		

NA = Not Available

Sources of Information: Value Line Investment Survey Zacks Investment Service Yahoo! Finance

Carolina Water Service, Inc. Indicated CAPM Cost Rate for Dr. Carlisle's Non-Price Regulated Group

Line No.

1.	Market Return (1)	11.80%
2.	Risk-Free Rate (2)	3.70%
3.	Equity Risk Premium (3)	8.10%
4.	Beta (4)	0.725
5.	CAPM Cost of Equity (5)	9.57%
6.	ECAPM Cost of Equity (6)	10.13%
7.	Average	9.85%

Notes:

- (1) From page 7-13 of SBBI 2017.
- (2) From Revised Exhibit DHC-2.
- (3) Line 1 Line 2.
- (4) From page 4 of this Schedule.
- (5) Line $2 + (Line 3 \times Line 4)$.
- (6) Line $2 + (0.75 \times (Line 3 \times Line 4)) + (0.25 \times Line 3)$.

Carolina Water Service, Inc. Beta Coefficients for Dr. Carlisle's Non-Price Regulated Group

Company Name		Beta
AutoZone, Inc.		0.80
CBOE Holdings, Inc.		0.70
Campbell Soup Company		0.70
Dunkin' Brands Group, Inc.		0.60
Dr. Pepper Snapple Group		0.75
Forrester Research, Inc.		0.70
Hormel Foods Corporation		0.75
The Hershey Company		0.75
Kimberly-Clark		0.75
Mercury General		0.80
The J.M. Smucker Co.		0.70
Wal-Mart Stores, Inc.	_	0.70
	•	
	Average	0.725

Source of Information Value Line Investment Survey - Standard Edition